



State of Arizona
Department of Education

Tom Horne
Superintendent of
Public Instruction

CN# 14-05

MEMORANDUM

To: School Health & Nutrition Program Sponsors

From: Mary Szafranski, Deputy Associate Superintendent
Arizona Department of Education, Health & Nutrition Unit

Holly Mueller, Program Director
Arizona Department of Education, School Health & Nutrition Programs

Date: October 22, 2004

RE: Amendment Expanding Provisions 2 and 3 District-wide,
2004 Reauthorization Act

Local Education Agencies (LEAs) may now implement Provision 2 claiming percentages and Provision 3 calculations on a sponsor-wide basis. Provision 2 sponsors may use one comprehensive claiming *percentage* for all participating schools. Likewise, Provision 3 sponsors may use one comprehensive claiming *calculation* to determine reimbursement for all participating schools. USDA has determined that the change is available to both LEAs that operate all sites under Special Assistance as well as LEAs who only have a subgroup of sites within the district under Special Assistance.

This memo outlines the process that will be used to develop Provision 2 claiming percentages and Provision 3 claiming calculations on a sponsor-wide basis. The procedures are different depending on whether the group of sites is currently in a **base year** using standard claiming procedures or **non-base year**.

LEAs on Provision 2

Base Year:

- Schools in the group that are currently in a **base year** must first complete the base year. Once the **base year** data has been collected it will be used to create a sponsor-wide claiming percentage. The State Agency (SA) will use the sum of the meals by category (free, reduced and paid) for all schools in the group for the **base year** to calculate the sponsor-wide claiming percentage. The common **base year** becomes the base year for the group.

Non-Base Year:

- If all of the schools in the group are currently operating under Provision 2 **in a non-base year**, data from the **prior year** will be used to create a sponsor-wide claiming percentage. The SA will use the sum of the meals by category (free, reduced and paid) for all schools in the group for the **prior year** to calculate the sponsor-wide claiming percentage.

LEAs on Provision 3

Base Year:

- Schools in the group that are currently in a **base year** must first complete the **base year**. Once the **base year** data has been collected it will be used to create a sponsor-wide Provision 3 calculation. The SA will create the new calculation using the total reimbursement for all schools in the group for the **base year**, as well as the total enrollment for all schools in the group for the **base year**. The common **base year** becomes the **base year** for the group.

Non-Base year:

- If all of the schools in the group are currently operating under Provision 3 **in a non-base year**, data from the **prior year** will be used to create a sponsor-wide Provision 3 calculation. The SA will create the new calculation using the total reimbursement for all schools in the group for the **prior year**, as well as the total enrollment for all schools in the group for the **prior year**.

Creating A Common Base Year on Provision 2 or Provision 3

LEAs using the new sponsor-wide claiming procedures may create a common base year for the group. If all the schools in the group already have the same base year, then that year is the base year for the group. If the schools in the group have different base years, then the LEA may use the following procedures to create a common base year:

1. Identify the most recent base years for all special assistance schools and use this to determine when the next base year will be conducted.
2. Organize all the special assistance schools by the year in which their next base year will be conducted.
3. Choose the year with the most schools conducting a new base year.
4. Use this year as the new base year for all the schools.

If LEAs participating in Special Assistance do not wish to create a common base year they may keep the individual base years for schools in the group. **Please note**, if the individual base years are kept, it is important that whenever new base year data becomes available, it is used to recalculate the group claiming percentage/calculation.

Adding a New Site While Participating in Sponsor-wide Claiming

To add a new site while participating in sponsor-wide claiming the new school will have to conduct a base year. Once the base year for the new school has been completed, the procedures discussed above would be used to recalculate the group claiming percentages/calculation. Alternatively, an LEA may choose to conduct a new base year for the entire group when adding a new school.

LEAs need to conduct a thorough financial analysis of their current claiming method compared to sponsor-wide claiming to determine if sponsor-wide claiming is fiscally advantageous.

LEAs wishing to implement the new sponsor-wide claiming procedures **must** contact their School Health and Nutrition Program Specialist and have the update approved **prior to** changing claiming procedures.

If you have questions or concerns regarding this memo, please contact your assigned School Health & Nutrition Program Specialist.

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